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Rosan Resources Holdings Limited

融信資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 578)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the “**Board**”) of Rosan Resources Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

		Unaudited	
		Six months ended 30 June	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	343,741	99,735
Cost of sales		(392,315)	(108,840)
Gross loss		(48,574)	(9,105)
Other income	4	38,341	12,964
Selling and distribution expenses		(4,052)	(4,093)
Administrative expenses		(36,968)	(38,750)
Other expenses		(3,912)	(13,636)
Finance costs	5	(25,411)	(28,482)
Share of profits/(losses) of associates		4,993	(7,702)
Share of profit of a joint venture		54	611
Gain on disposal of an associate		25,498	–

		Unaudited	
		Six months ended 30 June	
		2015	2014
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
	Impairment loss on mining rights	(75,058)	–
	Impairment loss on property, plant and equipment	(72,319)	–
	Impairment loss on goodwill	–	(26,545)
	Impairment loss on interest in an associate	–	(26,599)
		<u>–</u>	<u>(26,599)</u>
	Loss before income tax	6 (197,408)	(141,337)
	Income tax credit/(expense)	7 12,374	(4,063)
		<u>–</u>	<u>(4,063)</u>
	Loss for the period	(185,034)	(145,400)
		<u><u>(185,034)</u></u>	<u><u>(145,400)</u></u>
	Loss for the period attributable to:		
	Owners of the Company	(168,318)	(134,524)
	Non-controlling interests	(16,716)	(10,876)
		<u>(16,716)</u>	<u>(10,876)</u>
		<u><u>(185,034)</u></u>	<u><u>(145,400)</u></u>

		Unaudited	
		Six months ended 30 June	
		2015	2014
		<i>HK cents</i>	<i>HK cents</i>
	Loss per share attributable to the owners of the Company		
	Basic and diluted	8 (23.618)	(18.876)
		<u>(23.618)</u>	<u>(18.876)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Loss for the period	(185,034)	(145,400)
Other comprehensive income/(loss) for the period		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
– subsidiaries	1,955	(20,888)
– a joint venture	22	(151)
– associates	388	(3,068)
	<u>2,365</u>	<u>(24,107)</u>
Share of other comprehensive income of an associate	17,534	–
Release of exchange fluctuation reserve upon disposal of an associate	<u>(940)</u>	<u>–</u>
Other comprehensive income/(loss) for the period, net of tax	<u>18,959</u>	<u>(24,107)</u>
Total comprehensive loss for the period	<u>(166,075)</u>	<u>(169,507)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(151,253)	(156,566)
Non-controlling interests	<u>(14,822)</u>	<u>(12,941)</u>
	<u>(166,075)</u>	<u>(169,507)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		469,963	563,742
Mining rights		484,203	561,172
Other intangible assets		51	85
Interests in associates		128,593	108,356
Interest in a joint venture		6,700	6,624
Available-for-sale financial assets		748	26,566
		<u>1,090,258</u>	<u>1,266,545</u>
Current assets			
Inventories		14,304	26,959
Accounts and bills receivables	9	242,980	169,995
Prepayments, deposits and other receivables		92,247	153,251
Tax recoverable		9,649	9,617
Pledged bank deposits		720,993	255,922
Cash and bank balances		560,739	524,835
		<u>1,640,912</u>	<u>1,140,579</u>
Current liabilities			
Accounts and bills payables	10	900,922	390,089
Other payables and accruals		461,138	471,654
Provision for reclamation obligations		95,265	90,983
Bank loans	11	550,134	560,819
		<u>2,007,459</u>	<u>1,513,545</u>
Net current liabilities		<u>(366,547)</u>	<u>(372,966)</u>
Total assets less current liabilities		<u>723,711</u>	<u>893,579</u>

		Unaudited	Audited
		30 June	31 December
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Amount due to an associate		107,995	99,442
Deferred tax liabilities		6,413	18,759
		<u>114,408</u>	<u>118,201</u>
Net assets		<u>609,303</u>	<u>775,378</u>
EQUITY			
Share capital	<i>12</i>	71,267	71,267
Reserves		540,668	691,921
		<u>611,935</u>	<u>763,188</u>
Equity attributable to the owners of the Company		611,935	763,188
Non-controlling interests		(2,632)	12,190
		<u>609,303</u>	<u>775,378</u>
Total equity		<u>609,303</u>	<u>775,378</u>

NOTES:

1. GENERAL INFORMATION

Rosan Resources Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (the “**Group**”) are the production and sale of coal and the trading of purchased coal in the People’s Republic of China (the “**PRC**”).

Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (“**Int**”)) as disclosed in note 2.

These condensed consolidated interim financial statements contain selected explanatory notes. The notes include explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

Going concern basis

The Group incurred a consolidated net loss of approximately HK\$185,034,000 (six months ended 30 June 2014: approximately HK\$145,400,000) for the six months ended 30 June 2015 and, as of that date, the Group had net current liabilities of approximately HK\$366,547,000 (as at 31 December 2014: approximately HK\$372,966,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial positions, liquidity and cash flows, the directors of the Company have adopted or in the process of adopting the following measures:

- (a) The Group has been taking stringent cost controls in different areas, such as in the cost of sales and administrative expenses;
- (b) The Group has entered into a framework agreement with a bank in the PRC. According to the framework agreement, the bank has agreed to renew the current banking facility to the Group with amount of RMB95,000,000 (equivalent to approximately HK\$120,166,000) upon its expiry. Besides, the bank has preliminarily agreed to offer the Group for an additional banking facility for an amount of RMB400,000,000 (equivalent to approximately HK\$505,960,000) when it is required by the Group in the next two years from March 2015. The bank has the final and conclusive right to determine the grant of such facility; and
- (c) The Group from time to time reviews its invested projects and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

Taking into account of the above measures and after assessing the Group's current and future cash flow positions, the directors of the Company are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated interim financial statements for the six months ended 30 June 2015 on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their estimated recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these adjustments have not been reflected in the condensed consolidated interim financial statements for the six months ended 30 June 2015.

2. ADOPTION OF NEW AND REVISED HKFRSS

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in the condensed consolidated interim financial statements.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company (the “**Executive Directors**”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the Executive Directors are determined following the Group’s major product and service lines.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Executive Directors in order to allocate resources and assess performance of the segment. For the periods presented, the Executive Directors have determined that the Group has only one operating segment, as the Group is principally engaged in the business of production and sale of coal and trading of purchased coal which is the basis to allocate resources and assess performance.

The Group’s revenue from external customers is all derived from the PRC and most of its non-current assets (other than deferred tax assets) are located in the PRC. The Company is an investment holding company incorporated in Bermuda where the Group does not have any activity. The Group has the majority of its operations and workforce in the PRC, and therefore, the PRC is considered as the Group’s country of domicile for the purpose of the disclosures as required by HKFRS 8 “*Operating Segments*”.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the location of assets.

4. REVENUE AND OTHER INCOME

Revenue represents the income arising from the Group's principal activities which are the production and sale of coal and the trading of purchased coal.

Revenue and other income recognised during the periods are as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Revenue		
Production and sale of coal	72,780	93,659
Trading of purchased coal	270,961	6,076
	343,741	99,735
Other income		
Bank interest income	11,941	12,727
Exchange differences, net	183	–
Gain on disposals of property, plant and equipment	23	56
Reversal of provision for central pension scheme	23,938	–
Others	2,256	181
	38,341	12,964

5. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
An analysis of finance costs is as follows:		
Interest charge on bank loans	21,346	17,764
Interest charge on bills receivable discounted	4,065	10,718
	25,411	28,482

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Cost of inventories sold	389,818	106,437
Depreciation*	24,247	20,569
Operating lease charges on land and buildings	975	1,462
Amortisation of mining rights**	3,775	5,346
Amortisation of other intangible assets**	34	17
Employee benefit expense (including directors' remuneration and retirement benefit scheme contributions)	69,019	60,846
Exchange differences, net	(183)	1,383
Write down of inventories to net realisable value***	3,030	–
Impairment loss on goodwill	–	26,545
Impairment loss on interest in an associate	–	26,599
Impairment loss on mining rights	75,058	–
Impairment loss on other receivables, net**	9,102	–
Impairment loss on property, plant and equipment	72,319	–
Provision for reclamation obligations	3,973	2,794
	<u>3,973</u>	<u>2,794</u>

* Depreciation of approximately HK\$21,975,000 (six months ended 30 June 2014: approximately HK\$17,810,000) has been included in cost of sales and approximately HK\$2,272,000 (six months ended 30 June 2014: approximately HK\$2,759,000) has been included in administrative expenses in the condensed consolidated income statement.

** Included in administrative expenses in the condensed consolidated income statement.

*** Included in cost of sales in the condensed consolidated income statement.

7. INCOME TAX (CREDIT)/EXPENSE

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax – Corporate income tax		
– Current period	18	31
Deferred tax (credit)/expense		
– Current period	(12,392)	4,032
	<u>(12,374)</u>	<u>4,063</u>

No Hong Kong Profits Tax has been provided for the period in the condensed consolidated interim financial statements as the Group has tax losses brought forward from previous years (six months ended 30 June 2014: Nil).

Corporate income tax arising from operations in the PRC is calculated at the statutory income tax rate of 25% (six months ended 30 June 2014: 25%) on the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

8. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share for loss attributable to the owners of the Company is based on the following data:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share computation	168,318	134,524
	=====	=====
	Unaudited	
	Six months ended 30 June	
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share computation	712,674	712,674
	=====	=====

There were no dilutive potential ordinary shares during the six months ended 30 June 2015 and 2014 and therefore, diluted loss per share is same as the basic loss per share.

9. ACCOUNTS AND BILLS RECEIVABLES

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Accounts receivable	257,326	184,041
Bills receivable	—	252
	<u>257,326</u>	<u>184,293</u>
Less: Provision for impairment	<u>(14,346)</u>	<u>(14,298)</u>
	<u>242,980</u>	<u>169,995</u>

As at 30 June 2015, accounts receivable of approximately HK\$166,052,000 (as at 31 December 2014: approximately HK\$105,025,000) were pledged to secure bank loans of the Group (note 11).

The Group's sales are billed to customers according to the terms of the relevant agreements. Generally, credit periods ranging from 60 to 180 days (as at 31 December 2014: 60 to 180 days) are allowed to customers. Based on the invoice dates, ageing analysis of the Group's accounts and bills receivables, net of any provision for impairment at the reporting date is as follows:

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
0 – 90 days	208,294	137,697
91 – 180 days	3,873	32,278
181 – 365 days	30,793	—
Over 365 days	20	20
	<u>242,980</u>	<u>169,995</u>
	<u>242,980</u>	<u>169,995</u>

Movement in the allowance for impairment of accounts receivable is as follows:

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
At 1 January	14,298	12,298
Impairment loss on accounts receivable	–	2,199
Exchange difference	48	(199)
	<u>14,346</u>	<u>14,298</u>
At 30 June/31 December	<u>14,346</u>	<u>14,298</u>

10. ACCOUNTS AND BILLS PAYABLES

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Accounts payable	66,132	33,311
Bills payable	834,790	356,778
	<u>900,922</u>	<u>390,089</u>
	<u>900,922</u>	<u>390,089</u>

The Group was granted by its suppliers with credit periods generally ranging from 30 – 90 days (as at 31 December 2014: 30 to 90 days). Based on the invoice dates, the ageing analysis of the Group's accounts and bills payables at the reporting date is as follows:

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
0 – 90 days	556,643	222,483
91-180 days	315,998	141,315
181-365 days	12,927	11,489
Over 365 days	15,354	14,802
	<u>900,922</u>	<u>390,089</u>
	<u>900,922</u>	<u>390,089</u>

As at 30 June 2015, the Group's bills payable of approximately HK\$772,178,000 (as at 31 December 2014: approximately HK\$356,778,000) were secured by the pledge of time deposits. As at 30 June 2015, bills payable of approximately HK\$113,209,000 (as at 31 December 2014: approximately HK\$75,642,000) were guaranteed by independent third parties.

11. BANK LOANS

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Bank loans repayable within one year and classified as current liabilities	550,134	560,819

Analysed as follows:

	Unaudited 30 June 2015			Audited 31 December 2014		
	Annual effective contractual interest rate (%)	Maturity	HK\$'000	Annual effective contractual interest rate (%)	Maturity	HK\$'000
Secured	–	–	–	4.44% – 5.60%	on demand	188,913
Secured	4.04% – 5.35%	2015-2016	202,286	6.16%	2015	50,428
Unsecured	5.89% – 10.92%	2015-2016	<u>347,848</u>	6.16% – 9.99%	2015	<u>321,478</u>
			<u>550,134</u>			<u>560,819</u>

As at 30 June 2015, all bank loans (as at 31 December 2014: all bank loans) were guaranteed by independent third parties, in which approximately HK\$202,286,000 (2014: approximately HK\$239,341,000) were also secured by certain accounts receivable and mining rights of the Group (as at 31 December 2014: secured by certain accounts receivable and a mining right of the Group).

12. SHARE CAPITAL

	Unaudited 30 June 2015		Audited 31 December 2014	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	<u>30,000,000,000</u>	<u>3,000,000</u>	<u>30,000,000,000</u>	<u>3,000,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	<u>712,673,692</u>	<u>71,267</u>	<u>712,673,692</u>	<u>71,267</u>

13. SUBSEQUENT EVENTS

- (i) On 28 July 2015, Henan Jinfeng Coal Industrial Group Company Limited* (“**Jinfeng**”) (河南金豐煤業集團有限公司), an indirect non-wholly owned subsidiary of the Company, entered into an agreement with an independent third party, pursuant to which the parties have agreed to provide mutual guarantees with respect to each other. Both parties agreed that should any party (“**Borrower**”) (including its subsidiaries and holding companies) apply for a loan(s) from a bank or financial institution (“**Lender**”), if the Lender so requires, then the other party (“**Guarantor**”) shall provide a guarantee(s) for the obligations of the Borrower under the loan on the terms and conditions contained in the agreement. The total amounts to be guaranteed by each party shall not exceed RMB50,000,000. The effective period of the agreement shall be from 28 July 2015 to 28 July 2018 (“**Effective Period**”). For each guarantee to be provided by each party within the Effective Period, the maximum guarantee period is three years from the date of the loan agreement.

As of the date of these condensed consolidated interim financial statements, a banking facility amounting to RMB40,000,000 have been applied by a subsidiary of the above independent third party and pursuant to the aforesaid agreement, the corresponding amount has been guaranteed by Jinfeng since 29 July 2015. In the opinion of the directors of the Company, the guarantee period of such guarantee provided by Jinfeng will be expired in July 2016.

- (ii) On 4 August 2015, Beijing Kaisheng Guanhua Investment Company Limited* (“**Beijing Kaisheng Guanhua**”) (北京凱盛冠華投資有限公司), an indirect non-wholly owned subsidiary of the Company, entered into a capital injection agreement with certain third parties, including all other shareholders of Beijing Baiyitong Technology Co., Ltd.* (“**Beijing Baiyitong**”) (北京佰鑑通科技有限公司). Pursuant to the agreement, an investor has agreed to inject additional capital in the amount of RMB12,100,000 to Beijing Baiyitong. Accordingly, the equity interests of Beijing Kaisheng Guanhua in Beijing Baiyitong have been diluted from 10.13% to 9.11%.

* for identification purpose only

EXTRACTS FROM INDEPENDENT AUDITOR'S REVIEW REPORT ON THE GROUP'S CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The condensed consolidated interim financial statements are unaudited, but have been reviewed by Moore Stephens CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

Emphasis of matter

"Without qualifying our opinion, we draw attention to note 2# to the condensed consolidated interim financial statements which indicates that the Group incurred a consolidated net loss of HK\$185,034,000 for the six months period ended 30 June 2015 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$366,547,000. These conditions, along with other matters as set forth in note 2# to the condensed consolidated interim financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern."

Being note 1 in this interim results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

BUSINESS AND MARKET REVIEW

During the six months ended 30 June 2015 (the “**Period**”), the global economy has yet to recover. It did slow down the China’s economic growth and induce the persistent weakening of both domestic and the overseas coal market. Although the government of the People’s Republic of China (the “**PRC**”) introduced certain policies with the purpose to support the coal industry, the imbalance between coal supply and demand is still the core challenge. Coal price during the Period was kept at a relatively low level in comparing with the past few years, the coal industry was still facing high operating pressure.

Given its stable supply and reliability, coal continues to be an essential resource to provide energy support for the economic growth of the PRC. It is expected that the coal price will continue to maintain at a relatively low level and it needs time to rebound progressively. With government’s favourable policies to improve and optimise the efficiencies of coal-fired power plants and to reduce operating costs, it may give positive support to the Company’s coal mining business in future.

Facing with the challenging business environment, the Company has increased its revenue in trading of purchased coal since year 2014 which provided stable income to the Company. At the same time, the Company has been seeking different opportunities for further expansion in the coal energy business.

Looking ahead, although the global economy will continue to recover steadily so as the PRC’s economic development, the global coal industry and the PRC coal industry may still need a longer time to get a balance between the coal supply and demand. Until a equilibrium of coal supply and demand is achieved, the coal industry may then has a turn around.

Financial Review

Revenue

The Group's total revenue for the Period amounted to approximately HK\$343.7 million, representing an increase of approximately 244.7% from approximately HK\$99.7 million for the six months ended 30 June 2014 (the "**Last Period**"). The increase in revenue was mainly due to the significant increase in trading of purchased coal during the Period. Moreover, resumption of all the Group's coal mines since November 2014 has slightly improved the production volume of coal from approximately 0.24 million tons during the Last Period to approximately 0.28 million tons during the Period. During the Last Period, certain coal mines were ordered to suspend occasionally which reduced the coal production volume in the Last Period. During the Period, the total sales volume of coal, including both production and sale of coal and trading of purchased coal, has reached to approximately 0.87 million tons which was approximately 3.3 times higher than the sales volume of the Last Period (approximately 0.26 million tons).

In addition to the improvement in sales volume, the total average selling price of coal has increased slightly comparing with the Last Period. It was resulted from the increase in proportion of revenue contributed by trading of purchased coal. As the average quality of the coal purchased during the Period was generally higher than the average quality of the coal produced by the Group's coal mines, the average selling price of purchased coal was higher. Therefore, the total average selling price for the Period was higher than that of the Last Period. The average selling price of purchased coal and coal produced by the Group's coal mines during the Period were approximately RMB361.8 per ton and approximately RMB206.9 per ton respectively, while the average selling price of purchased coal and coal produced by the Group's coal mines during the Last Period were approximately RMB371.7 per ton and approximately RMB302.6 per ton respectively. As the proportion of revenue contributed by trading of purchased coal during the Period was much higher than the Last Period, the total average selling price of coal has slightly increased from approximately RMB306.0 per ton for the Last Period to approximately RMB312.3 per ton for the Period.

Cost of sales and Gross Loss

The cost of sales and gross loss for the Period were approximately HK\$392.3 million and approximately HK\$48.6 million respectively; while the cost of sales and gross loss for the Last Period were approximately HK\$108.8 million and approximately HK\$9.1 million respectively. During the Period, more volume of coal was purchased from suppliers for coal trading to support the Group's operation continuously. As the cost needed for the coal purchase was higher than the coal production, higher total cost of sales was incurred during the Period. Moreover, continuous expenditures were incurred for the maintenance of the Group's coal mines during the Period, the cost of sales was comparatively higher than the Last Period.

The gross loss margin was increased from approximately 9.1% for the Last Period to approximately 14.1% for the Period. During the Period, the average selling price of the coal produced by the Group's coal mines was lower than the Last Period. This was mainly caused by (i) the continuous decline of the market coal price in the PRC, as well as (ii) the comparatively lower average quality of the coal produced by the Group's coal mines during the Period. Despite the decline in average selling price of the coal produced by the Group's coal mines, the costs for coal production maintained in relatively high level. On the other hand, although the revenue of the Group contributed by trading of purchased coal was increased, the gross profit contributed was limited and could not override the impact of gross loss derived from the coal production. As such, the gross loss and gross loss margin during the Period was higher than that for the Last Period.

Net Loss attributable to the owners of the Company

The net loss attributable to the owners of the Company for the Period was approximately HK\$168.3 million, representing an increase of approximately 25.1% as compared with the Last Period of approximately HK\$134.5 million. The reasons for the increase in net loss attributable to the owners of the Company were mainly due to: (i) the increase in gross loss as explained in the precedent paragraph; and (ii) the increase in impairment loss on certain tangible and intangible assets in the impairment assessment. Given the continuous decline of the market coal price in the PRC during the Period and the recoverable amount of the cash-generating unit is less than its carrying amount, the Group made an impairment loss of approximately HK\$72.3 million (the Last Period: Nil) and approximately HK\$75.1 million (the Last Period: Nil) on the property, plant and equipment and the mining rights respectively. The above factors for the increase in net loss attributable to the owners of the Company were partially offset by (i) the increase in other income from approximately HK\$13.0 million for the Last Period to approximately HK\$38.3 million for the Period; and (ii) the gain on disposal of an associate of approximately HK\$25.5 million recognised during the Period.

Accounts and bills receivable

As at 30 June 2015 (the “**Period End**”), the accounts and bills receivable amounted to approximately HK\$243.0 million, representing an increase of 42.9% as compared to that as 31 December 2014 (the “**Last Year End**”) of approximately HK\$170.0 million. The increase was mainly because of the increase in revenue during the Period as compared with the Last Period. Nevertheless, the average duration of settlement period from customers was shorter than that for the year ended 31 December 2014.

Amongst the total amount of accounts receivable (excluding bills receivable) as at the Period End, Henan Zhongfu Dianli Company Limited* (“**Zhongfu**”) (河南中孚電力有限公司) was still the largest debtor with balance amounting to approximately HK\$166.1 million (equivalent to approximately RMB131.3 million) or approximately 68.3% of the accounts receivable amount, net of any provision for impairment. The entire outstanding amount of the accounts receivable from Zhongfu was not past due. The Board therefore concluded that no impairment is needed to be made on the outstanding amounts due from Zhongfu.

Accounts and Bills Payables

In order to maintain the operational cashflow and the liquidity with the Group's coal production companies, Henan Jinfeng Coal Industrial Group Company Limited* ("Jinfeng") (河南金豐煤業集團有限公司) has issued bills to its supplier and subsidiaries (i.e. Xiangyang Coal Industry Company Limited* ("Xiangyang") (登封市向陽煤業有限公司) and Xingyun Coal Industry Company Limited* ("Xingyun") (登封市興運煤業有限責任公司) to facilitate the sales and purchases between the parties. Jinfeng, Xiangyang and Xingyun are the indirect non-wholly owned subsidiaries of the Company which are principally engaged in the production and sale of coal.

It is the fact that the principal activities of both Xiangyang and Xingyun are production of coal and the majority of their coal was sold to Jinfeng for selling to customers. Therefore, the operational cash flow and liquidity of Xiangyang and Xingyun are relied on the settlement (i.e. either by cash or by bills) from Jinfeng.

Bills payable as at the Period End amounted to approximately HK\$834.8 million (Last Year End: approximately HK\$356.8 million) which contributed approximately 92.7% (Last Year End: 91.5%) of the total amount of accounts and bills payables as at the Period End, i.e. approximately HK\$900.9 million (Last Year End: approximately HK\$390.1 million). In order to enhance the operational cash flow and liquidity for intra-group companies under the current challenging business environment, bills were issued by Jinfeng to Xiangyang and Xingyun for settlement. Moreover, as the Group has purchased more coal from other suppliers for coal trading during the Period, more bills were issued to suppliers for settlement. Therefore, the bills payable as at the Period End has increased by approximately HK\$478.0 million or 134.0%.

Other Payables and Accruals

The total amount of other payables and accruals decreased by approximately 2.2% from approximately HK\$471.7 million as the Last Year End to approximately HK\$461.1 million as at the Period End. As at the Period End, the other payables were mainly comprised of provision for PRC retirement benefit scheme contributions amounted to approximately HK\$207.0 million (as at the Last Year End: approximately HK\$211.1 million), accrued coal mines related removal and relocation expenses amounted to approximately HK\$57.6 million (as at the Last Year End: approximately HK\$52.7 million) and accrued workers' wages and benefits amounted to approximately HK\$39.0 million (as at the Last Year End: approximately HK\$49.7 million).

PROSPECT

Going forward, in view of the current unfavorable industry environment, such as persistent dropping in market coal price and continuous decreasing in coal demand, the Group will carry on to adopt different measures to reduce the possible negative impact to the Group by lowering the total cost and to increase its revenue generating ability. The Group will also review for its invested project and may adjust the investment strategy when it is necessary. At the same time, the Group will also focus on cultivating its core business in production and sale of coal. The Board will try its effort to further develop the Group's business and maximizing the shareholders' return in the future.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at the Period End, the net asset value of the Group was approximately HK\$609.3 million (as at the Last Year End: approximately HK\$775.4 million) and the total cash and bank balance (including pledged bank deposit) was approximately HK\$1,281.7 million (as at the Last Year End: approximately HK\$780.8 million). As at the Period End, the Group had net current liabilities of approximately HK\$366.5 million (as at the Last Year End: net current liabilities of approximately HK\$373.0 million) and its current ratio remained at approximately 0.8 times as at both the Period End and the Last Year End. The Group's working capital was mainly financed by internal cash flow generated from its operation and the banking facilities granted by financial institutions.

As at the Period End, the Group's accounts receivable, net of any provision for impairment amounted to approximately HK\$243.0 million (as at the Last Year End: approximately HK\$169.7 million) and certain accounts receivable were pledged to secure bank loans of the Group. Subsequent to 30 June 2015 and up to the date of this announcement, accounts receivable amounted to approximately HK\$73.5 million has been settled.

As at the Period End, bank deposits amounted to approximately HK\$721.0 million (as at the Last Year End: approximately HK\$255.9 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which was not pledged amounted to approximately HK\$560.7 million (as at the Last Year End: approximately HK\$524.8 million).

As at the Period End, the Group's total bank loans amounted to approximately HK\$550.1 million (as at the Last Year End: approximately HK\$560.8 million). The bank loans bear interest at fixed rates ranging from 4.04% to 10.92% per annum (as at the Last Year End: at fixed rates ranging from 4.44% to 9.99% per annum)

As at the Period End, the Group's bills payable of approximately HK\$772.2 million (as at the Last Year End: approximately HK\$356.8 million) were secured by the pledge of time deposits. As at the Period End, bills payable of approximately HK\$113.2 million (as at the Last Year End: approximately HK\$75.6 million) were guaranteed by independent third parties.

As at the Period End, the Group's gearing ratio (as a ratio calculated by (a) the sum of bank loans, advances from third parties and amount due to an associate; divided by (b) the net assets of the Group) was 108.0% (as at the Last Year End: 85.9%).

EXCHANGE RISK EXPOSURE

The sales and purchases of the Group are predominantly in RMB which is the functional currency of the related group entities. The Board therefore is of the opinion that the Group's sensitivity to the change in foreign currency is low and the Group does not hedge its foreign currency risk.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group has a total of approximately 2,000 employees located in Hong Kong and the PRC. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical insurance and pension funds. A share option scheme was adopted by the Group on 27 May 2014 to enable the directors of the Company to grant share options to eligible participants including any employee of the Group as incentive to their valuable contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

CORPORATE GOVERNANCE

During the six months ended 30 June 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the deviation as set out below.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive director and independent non-executive directors (the “**INEDs**”) of the Company do not have a specific term of appointment, but are subject to rotation in accordance with bye-law 111 of the Bye-laws of the Company. As the non-executive director and INEDs of the Company are subject to rotation in accordance with the Bye-laws of the Company, the Board considers that the non-executive director and INEDs of the Company so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the CG Code.

Code provision A.6.7 of the CG Code requires that the independent non-executive directors and the non-executive directors should attend general meetings. However, the independent non-executive director of the Company, Mr. Ma Yueyong was unable to attend the annual general meeting of the Company held in Hong Kong on 22 May 2015 as he was absent from Hong Kong.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal control. The Audit Committee comprises three of the INEDs of the Company, namely Mr. Ma Yueyong (Chairman of the Audit Committee), Dr. Chen Renbao and Mr. Jiang Xiaohui. The audit committee reviewed the condensed consolidated interim financial statements of the Group for the period ended 30 June 2015 and were of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors of the Company have fully complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.irasia.com/listco/hk/rrhl>). The 2015 interim report will be despatched to the shareholders and available on the same websites on or before 30 September 2015.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our shareholders, and various parties for their continuing support, and our directors and staff for their dedication and hard work.

By order of the Board
Rosan Resources Holdings Limited
Dong Cunling
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the executive directors of the Company are Mr. Chen Xu, Mr. Dong Cunling, Mr. Wu Jiahong, Mr. Yang Hua and Mr. Zhou Guangwen; the non-executive director of the Company is Mr. Li Chunyan; the INEDs of the Company are Dr. Chen Renbao, Mr. Jiang Xiaohui and Mr. Ma Yueyong.

* *For identification purpose only*